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## Misunderstanding Europe

*Foreign Affairs*; New York; Nov/Dec 1998; William Wallace; Jan Zielonka;

**Volume:** 77  
**Issue:** 6  
**Start Page:** 65-79  
**ISSN:** 00157120  
**Subject Terms:** International relations-US  
Foreign policy  
Economic conditions  
**Geographic Names:** United States  
US  
Europe

### Abstract:

*Smug assumptions in the US of American supremacy over Europe are overdone. Europe's economies are robust and their cooperation increasingly productive.*

### Full Text:

*Copyright Council on Foreign Relations Nov/Dec 1998*

EUROBASHING is back in fashion in the United States. The European visitor to Washington now encounters American economic triumphalism mixed with contempt for Europe's sluggish growth and social protection. American critics castigate Europe for not contributing to regional and global order while demanding that Europeans shoulder more of the cost of leadership. For Europeans in Washington, Newsweek's Michael Hirsh recently noted, "it's hard to get respect."

Anti-European sentiment in America is not new. The United States was built by immigrants who shook off the disappointments of the old world for the hope of the new. Businessmen and politicians in late-nineteenth-century America believed they represented the vigorous future, Europe the enfeebled past. In the two world wars Americans saw themselves as sailing across the Atlantic to sort out European quarrels that the Europeans were incapable of resolving among themselves.

After 1945, the American prescription for Europe was to make it "more like us": to build a United States of Europe that would become America's loyal partner within a broader Western alliance. In the years since, American disappointment at Europe's unwillingness to accept U.S. leadership unconditionally has fluctuated between despair over European political incoherence and fear that the European allies might agree on a framework for integration different from what Washington had prescribed.

These days, however, American commentators seem to embrace an exaggerated Euroskepticism. Irving Kristol writes of "the slowly emerging crisis in Europe's economy and society," in contrast to American economic and social vitality. "Europe is resigned to be a quasi-autonomous protectorate of the U.S.," he relates, adding, "Europeans do not know-and seem not to want to know-what is happening to them." Robert Altman and Charles Kupchan have asked whether the United States could help in "arresting the decline of Europe," while Senator Jesse Helms (R-N.C.), in moving the Senate resolution on NATO enlargement, declared that "the European Union could not fight its way out of a wet paper bag." Martin Feldstein has gone so far as to call the collapse of European integration into war a plausible outcome of Europe's economic and monetary union.

Just as European anti-Americanism damaged Western solidarity during the Cold War, so American Eurobashing threatens to unravel transatlantic cooperation in the post-Cold War era. If the United States expects Europe to shoulder a larger burden of global leadership, a decent respect for Europe's opinions is in the American interest. The current approach, combining demands for greater burden-sharing with knee-jerk dismissals of European policies, risks alienating America's most important allies.

## THE VIEW FROM AMERICA

SEVERAL DEVELOPMENTS have prompted these new anti-European rumblings. First, Americans remain ambivalent about how far the U.S.-inspired project of European integration should go, for fear it could produce a true global rival. Euroskepticism also stems from the tendency toward hyperbole that characterizes Washington's policy debate. To make matters worse, Americans suffer from dwindling information and expertise on Europe as the American media retreats into domestic coverage and exotic human interest stories and the generation of exiled Europeans teaching in American universities passes on. In the end, American elites are increasingly left with a crude picture of European politics, society, and economic development.

As a result, every European move toward greater integration is met by American warnings of the alleged dangers to U.S. interests and even to Europeans themselves. Zbigniew Brzezinski has called for a wider but weaker European Union (EU) to "expand the range of American influence without simultaneously creating a Europe so politically integrated that it could challenge the United States on matters of geopolitical importance, particularly in the Middle East." Yet each time European governments slip back toward disunity, Americans lament the European decline into a continent with "no trumps, no luck, no will," as Stanley Hoffmann put it over 20 years ago. After the exaggerated assertions of Eurosclerosis in the early 1980s came heated charges of a "Fortress Europe" on the heels of the 1986 Single European Act and the 1992 Single Market Program. Lester Thurow predicted a "Head to Head" transatlantic economic confrontation, while more alarmist commentators warned of an emerging "Euroquake," a protectionist economic bloc threatening American trade.

American responses to the European single currency now follow a similar cycle: first inattention, then assertions that it cannot succeed, then warnings of danger once success appears imminent. American realists simply see the emerging threat of a new economic hegemon, either Germany alone or France and Germany together, rather than recognizing how common policies in the Eu emerge from multilateral bargaining among 15 member states. Admittedly, economic and monetary union is a leap in the dark, and its implications for fiscal and economic policies are insufficiently spelled out. But Feldstein's intemperate predictions of doom and **Milton Friedman's** warnings against this "senseless" venture ignore the benefits that enhanced cross-border integration of European economies has achieved in the past decade. As in the American single market, major companies in Europe now operate across national borders. Hedging operations, accounting in multiple currencies, and currency transfer fees all hold back further integration of Europe-wide production and marketing. Coordination between central banks and finance ministries has tightened considerably in recent years and will tighten further after the launch of Europe's single currency. Issues of tax convergence, bank regulation, and interregional transfers have all moved up the Eu agenda.

American commentary on Europe reflects its own self-image. American warnings in the late 1980s about the threat of economic competition from a powerful Fortress Europe were the flip side of the debate over American economic decline. American denigration of European economic stagnation in the late 1990s mirrors the happy consensus on America's "Goldilocks" economy-the apparent surge toward

sustained growth without inflation. But the picture of a European economy in perpetual decline is a caricature. For example, American punditry has ignored the one-time effect of German unification in slowing European growth. The German government borrowed to finance the economic transformation in the former East Germany, forcing the Bundesbank to raise interest rates. Meanwhile, the general squeeze on budgetary deficits imposed by the Maastricht Treaty's criteria for monetary union also temporarily depressed short-term growth. This necessary correction in European fiscal policies should, however, lay the foundation for stronger growth with lower inflation in the future. In fact, the overall EU growth rate between 1985 and 1992, before the unification-induced rise in German interest rates, was higher than that in the United States. Faster American growth between 1993 and 1997 may reflect different stages in the business cycle rather than long-term changes in competitiveness.

American observers also seem to ignore the European recovery this year, which will see the EU catching up to the United States. The Organization for Economic Cooperation and Development forecasts that Europe will grow even faster than America in 1999. American leadership in information technology is unchallenged, but in pharmaceuticals and new materials Europe is not lagging far behind. Sluggish domestic demand in Germany has been accompanied by the rapid development of exports to central and Eastern Europe. While France has struggled through a painful adjustment of economic and social policies with stubbornly high unemployment, the Netherlands achieved a higher growth rate than the United States in 1997 (4.2 percent versus 3.7 percent). Ireland's growth rate was an astounding 10.5 percent, Finland's a technology-driven 5.9 percent. Airbus is keeping up with Boeing; Daimler-Benz, now with Mack Truck and Chrysler in its group, is not far behind General Motors. Transatlantic trade, in overall balance for much of the past 20 years, has recently shifted toward a robust European surplus.

American denunciation of Europe's costly welfare systems, extensive social regulation, and sluggish labor mobility also project on Europe the domestic American debate. Proponents of free markets and welfare cuts hold a vested interest in portraying Europe as chronically uncompetitive. But the German economy is a standing rebuke to **neoliberal** critics; according to their theories it should have imploded years ago. Several times during the past two decades Anglo-Saxon economists have written obituary notices for the German model, only to watch it bounce back on high-quality exports, a well-trained and productive workforce, and adjustments in social and economic policies negotiated among managers, employee representatives, and federal and state authorities. The various models of social regulation and welfare observable in Western Europe do carry heavy costs, most evident in their current failure to create full employment. All models suffer from demographic changes as populations age and pension and health care costs rise; all are forced into painful adjustments to welfare payments. But a sturdy safety net also delivers tangible benefits. Life expectancy throughout the EU is higher than in the United States, infant mortality lower. European societies maintain a much smaller gap between rich and poor than does the United States. Bringing jobs to communities rather than compelling workers to tear up their roots and move hundreds of miles maintains social cohesion. Europe's cities are vibrant and safe, and crime rates are sharply lower than in the United States. America jails over one percent of the working-age male population, a proportion eight times higher than the European average. Were this figure added to calculations of the unemployment rate and the cost of the American prison system to the U.S. welfare budget, one would get a more balanced comparison between American and European approaches to economic and social regulation.

## BEASTS OF BURDEN

AMERICAN CRITICISM of European incoherence in foreign and defense policy is better justified, notably in the Bosnian tragedy. European rhetoric in 1991 that "the hour of Europe" had come would

soon ring hollow, as did the 1992 Maastricht Treaty's assertion that "a Common Foreign and Security Policy is hereby established." Tragically, domestic pressures in Germany forced a hasty recognition of Slovenia and Croatia without any accompanying plans to help consolidate their independence, protect minority rights, or address the bloody ramifications for Bosnia. The Balkan crisis provided a painful lesson in the problems with collective foreign and defense policymaking for the EU, with Germany ultimately agreeing to send troops outside its borders on a mission in Europe for the first time since World War II. With less success, France and Britain developed a bilateral defense dialogue without creating an effective multilateral framework for joint European action. Nevertheless, EU foreign policy remained so fragmented that U.S. Bosnia envoy Richard Holbrooke charged European governments with "sleeping through the night" while American policymakers imposed a compromise settlement.

Here again, however, American criticism masks an underlying ambivalence. Successive U.S. administrations have called for political and security partnership while obstructing moves toward a "European caucus" within or outside NATO. One telling example was the Senate resolution on NATO enlargement, which reasserted "an ongoing and direct leadership role for the United States in European security affairs" while demanding that "the responsibility and financial burden of defending the democracies of Europe . . . be more equitably shared."



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For European governments this story is wearily familiar. Henry Kissinger's response to Western Europe's first steps toward foreign policy coordination, at the Helsinki Conference on Security and Cooperation in Europe in 1972-73, was to demand that American representatives sit in on all consultations among European nations. He felt particularly concerned that Western European governments might develop an autonomous policy toward the Middle East. More recently, the U.S. response to European negotiations on common foreign policy at the 1991 Maastricht Intergovernmental Conference signaled that the transformation of the Western European Union, the defense arm of the EU, into an autonomous grouping within NATO would be unacceptable to the United States. The British and Dutch governments took the hint and weakened their proposals for closer European cooperation while the French stiffened their resistance to what they saw as the re-emergence of American hegemony. As a result, the EU to this day remains a civilian power, an effective global actor in economic policy, aid, and international institutions but without comparable political clout or military capacity. Having helped produce this dilemma, U.S. officials now criticize it.

American Euroskeptics accuse the European allies of being free riders on American-provided security. But that charge is sustainable only within the narrow confines of military capability and expenditure. True, European NATO members together only spend the equivalent of 66 percent of the U.S. defense budget. By any broader definition of security, however, the European contribution is far higher. In the five years after the Berlin Wall fell, three-quarters of Western economic and financial assistance to Russia and the countries of central and Eastern Europe came from the EU. Over half the international aid to the West Bank and Gaza from 1994 to 1997, designed to boost the Middle East peace process, came from Western Europe, in contrast to only 10 percent from the United States. European contributions to international organizations and economic development in the poorest states of Africa and South Asia far exceed the shrinking U.S. share. This is equitable burden-sharing by any honest calculation. Constant repetition of the claim that Europe should pay more-without letting those who pay the piper have some say in choosing the tune-is one of the most corrosive elements in American criticism. Western European governments, deeply conscious of the value of the American-led NATO framework, are far from breaking the transatlantic link. But there is increasing irritation that what Congress and the administration really demand is that the Europeans pay for U.S. hegemony.

## THE VIEW FROM EUROPE

FOR EUROPEANS, American confidence in the vigor of the U.S. economy contrasts oddly with American protests that the United States can no longer afford to support its share of international responsibilities. This incoherence is one result of American politics being projected onto transatlantic relations. Years of partisan wrangling over the U.S. deficit, taxation, foreign aid, and contributions to international organizations have created a consensus that Americans cannot pay more and resentment that the European allies appear to be paying less. A review of the U.S. debate on transatlantic relations prepared by the Council on Foreign Relations was peppered with the terms "resentment" and "resentful," reporting anger at the European allies for not pulling their economic weight and not giving the United States full support on every aspect of its diplomacy.

European governments, which have struggled to publicize to Congress and the American media their substantial financial contributions to Russia, Eastern Europe, the Middle East, and Africa, are annoyed by the failure of American political leadership to recognize this reality. From the president downward, U.S. leaders happily lecture their allies on their responsibilities but flinch from warning Congress of how inaccurate its perceptions truly are. The confident expectation of America's foreign policy elite that Europeans will sweep aside their own domestic constraints when the United States needs their support contrasts painfully with the timid hesitancy when this same foreign policy elite approaches its own domestic audience. Many of the most internationalist of administration officials feed rather than combat congressional resentment. In one example, at the NATO foreign ministers' meeting in December 1997, Secretary of State Madeleine K. Albright protested that the United States was providing 60 percent of the funds for a new training program for the Bosnian police. "In key areas such as this," she admonished her colleagues, "other members of the alliance need to do much, much more." Her European audience, conscious that they were already providing over 70 percent of the total budget for peacekeeping and civilian construction in Bosnia and 80 percent of the peacekeepers on the ground, could only worry about the impact on audiences in Washington of such selective statistics.

While American foreign-policy makers complain about the chaos of different institutions in Brussels and clashing national interests among European states, Europeans have to grapple with the confusion of competing power centers in Washington. Europeans see American foreign-policy making crippled by the wide gap between the professional elite and Congress and by another comparable gap between

Congress and public opinion. Such gaps emerged partly from the post-Vietnam and post-Iranian Revolution traumas that still hang over American politicians, and partly from the power that lobbies wield in Washington politics. As a result, the United States will launch unilateral actions to satisfy a domestic interest group and expect that other nations play obedient multilateral-minded partners. America disregards international law and institutions while insisting that other states accept the rulings of international bodies when convenient for the United States.

The Washington elite is fond of sharply contrasting the clarity of American strategic leadership with the bumbling confusion of European allies. But Europeans, struggling to balance their own domestic interests against those of their partners without antagonizing the United States, see a similarly confused alliance leader: a nation driven off track by domestic politics, trapped in a political cockpit where the constant pursuit of campaign contributions and specific lobbies threatens to overtake wider Western interests. Washington's approach to NATO enlargement-reversing its elaborately prepared Partnership for Peace initiative-produced major changes in American policy declared without warning in speeches to Polish-American and Baltic-American groups, while wildly differing estimates of enlargement costs became ammunition for interagency politicking. Much of the funding for the U.S. Committee to Expand NATO was provided by armaments companies that hoped to sell U.S. weapons systems to new member states. Parochialism came to drive policy.

## DOING IT OUR WAY

DAMAGE TO transatlantic relations also comes from the distortion of American foreign policy through the power of domestic lobbies and the arrogant unilateralism of congressional leaders. Two-thirds of the world's population is now covered by some form of U.S. sanctions imposed by Congress or state and local governments-a messier tangle of overlapping and incoherent laws than anything the EU can offer. The powerful Cuban lobby has discredited America's policy toward Castro, while U.S. policy toward the Middle East is distorted by the influence of the strong pro-Israel lobby. European governments understand that it made sense in domestic politics for President Clinton to unveil increased sanctions against Iran at the World Jewish Congress in New York and why Senator Alfonse D'Amato (R.-N.Y.) has pushed for the Iran-Libya Sanctions Act (ILSA). But these moves still make Europeans cynical about such policies and make all the more questionable the Clinton administration's insistence that European allies categorically accept American leadership in Middle East policy.

Even greater damage results from the way some congressional leaders, and even a few administration officials, address their European partners. Any European parliamentary leader who treated American representatives in the style of the Senate's current foreign relations chairman would provoke outrage in Washington. Jesse Helms walked out when the British foreign secretary disagreed with him on burdensharing in a May 1997 meeting. "To hell with international law," The San Francisco Chronicle reported that D'Amato told a European ambassador who suggested that ILSA contravened it. D'Amato further added, "You've got a choice to make: you're either with us or against us, and I only hope for your sake you make the right decision." European diplomats and politicians are particularly galled by White House officials who assure them that the policies resulting from such rhetoric are nevertheless part of a rational global strategy that Europe must support.

In one telling example of U.S. ambivalence toward international law, American policymakers have called on European states, institutions, and private actors to support the restitution of Jewish property and investments stolen during the Holocaust. This transatlantic appeal to international justice, backed by threats of unilateral sanctions, roughly coincided with the American refusal to accept that the jurisdiction of the International Criminal Court (Icc) might apply to the United States. European

governments are painfully aware of the dark periods in their history, but they find it hard to accept the claim that America is entirely exceptional. "Everyone knows that the United States is a righteous nation," Joshua Muravchik of the American Enterprise Institute boldly declared to a surprised European audience. For Europe, it is not self-evident that the United States, with its own historical demons, has earned the right to be outside and above the disciplines of international law. In the end, Europeans were left scratching their heads when American delegates voted against all their European allies and sided with Iraq, Libya, and China in opposing the icc.

The American approach to international organizations is now evident: unilateral abrogation of its own financial obligations combined with the insistence that other states observe theirs, all while demanding that the organization in question follow Washington's commands promptly and fully. Few Europeans can understand the deep roots of American antagonism toward the United Nations, and European governments feel no sympathy for America's failure to pay its U.N. dues. The United States depends on U.N. inspection teams to probe Iraq's weapons program and needed the United Nations to assemble the coalition that forced Iraq out of Kuwait. Watching the United States selectively exploit the United Nations when necessary and disrespect it the rest of the time, European governments are hard pressed to persuade their citizens to follow U.S. policy wherever it may lead. European officials are similarly dismayed when the United States assumes that the International Monetary Fund and the World Trade Organization will follow American preferences.

## PARTNERSHIP WITHOUT ILLUSIONS

To THIS DAY, the United States calls for greater collective European action but insists on American approval before any joint European initiative, especially in security matters. American policymakers decry the European culture of dependency on U.S. leadership while insisting in the same breath that it continue. Without defending that dependency, the confusion of Brussels institutions, or the ever-irritating differences of style among leading European governments, one must address the inconsistencies in American thinking rather than rehash the familiar deficiencies of European cooperation.



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American think tanks offer prolific proposals for transatlantic redesign. Few, however, address the changes that are needed in American policy to reinforce this partnership. There is a sad parallel between this failure and the EU's treatment of the post-socialist governments of central and Eastern Europe between 1990 and 1996. The EU set out a series of tasks and targets that the applicant states were required to accept without admitting that it would itself have to adjust to a transformed Europe. Not until the summer of 1997, when the European Commission issued its Agenda 2000 report, did the EU spell out the reforms that it needed to prepare itself for eastern enlargement. But an equally introspective American report on the adjustments that the United States must make to accommodate a changing Europe has yet to appear.

For example, a 1997 RAND report, *America and Europe: A Partnership for a New Era*, still views the relationship as one that the United States will lead in the Cold War style. One proposal, closely echoing Kissinger's 1973 demands, suggests that Europe inform and consult the United States before making

EU decisions. "This will be awkward for EU members and institutions, but it is essential for an effective partnership," the report insists. And yet the same report dismisses the idea that U.S. policymaking should take European interests into account as "illogical . . . because the United States is a sovereign country." In a similar vein, Charles Kupchan's 1996 Foreign Affairs manifesto for "an Atlantic Union" concentrates on what the Europeans must do to adhere to American preferences, not the other way around.

Transatlantic relations in the late 1990s are characterized by intense economic relations but weak political contacts. Yet an effective U.S.-European political partnership across a wide range of policy areas is essential to global order and the world economy. Those in Washington who depicted the Asia-Pacific region as representing America's future and Europe its past must recognize after the eruption of the Asian crisis that the European allies-with all their evident flaws and weaknesses-are the United States' only dependable partners, sharing America's values and burdens.

## A MATTER OF TRUST

THE SURVIVAL of the transatlantic partnership forged under the exceptional circumstances of the Cold War should not be taken for granted. For most of American history, relations with Europe have been cool. If Europeans were to apply to America the same realist logic that John Mearsheimer of the University of Chicago applied to post-Cold War Europe, they would predict a return of American isolationism or transatlantic rivalry. But a productive transatlantic relationship cannot be sustained without a firm base of domestic support within both the United States and Europe. Sadly, American foreign-policy makers have failed to provide the necessary domestic leadership.

There is a danger that American elites will continue to react to the successful launch of the European single currency with a mood swing comparable to ten years ago, from proclamations of Europe's decline to complaints of European threats to American interests. Monetary union will indeed alter the balance of the Atlantic relationship and force further political integration among EU member states. Smaller steps toward integrating EU foreign policy-such as the reorganization of the European Commission's directorates-general for external relations into a coherent group and the transformation of the role of the EU Council's secretary-general into a post akin to that of the NATO secretary-general-may also appear to strengthen Europe and threaten American interests. Detailed negotiations for eastern enlargement of the EU are bound to involve compromises that some American enterprises will see as adversely affecting their interests. Different domestic constraints will pull European and American policymakers in opposite directions on issues ranging from global warming to food additives to genetically modified crops.

As Europe's unwieldy confederal mechanisms lumber forward, however, American elites must avoid alarmism. They will do more for the future of Atlantic relations if they focus on how American government and politics should best adjust to ensure that Congress and the public gain an accurate picture of European developments. The United States does not need grand transatlantic redesigns. Instead, it must integrate its relations with the EU and NATO and accept that a European caucus within NATO is in America's long-term interest. On this point, the RAND study correctly observes, "American resistance to the formation of an EU identity within NATO will only rekindle European interest in an eventual EU military alliance outside NATO." As a start, the United States could consolidate its huge missions to the EU and NATO and appoint a senior political figure to represent the United States as a whole to the European institutions.

A long-term partnership requires mutual accommodation and two-way communication. Americans who

understand the critical importance of the Atlantic relationship in a disordered world must also recognize the adverse impact that Washington's self-absorbed but noisy debate has on its European listeners. They must exert themselves not only to listen more carefully to European concerns but also to convey them accurately to political opinion makers in the United States. Europeans who understand the central importance of the transatlantic relationship already recognize the many obstacles presented by disjointed European institutions and do their best to overcome them. An end to Eurobashing from across the Atlantic would help them in their task.

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